FACT SHEET

Saving on Flood Insurance

NATIONAL FLOOD INSURANCE PROGRAM

Information About the NFIP's Grandfathering Rule

Flood risks can change over time, altering floodplain boundaries. Changes in the status of dams or levees, surface erosion, land use and development can all change the size and shape of a floodplain.

FEMA is currently updating and modernizing the nation's flood maps. The new maps will reflect recent changes to floodplains and flood risks, and will drive changes in flood insurance requirements for some property owners.

FLOOD MAPS AND FLOOD INSURANCE

Flood maps, also known as Flood Insurance Rate Maps (FIRM), show the high-risk areas where there is at least a one-percent-annual-chance of flooding. In these areas, also known as Special Flood Hazard Areas, flood insurance is required for mortgages from a federally regulated lender. The maps also show the low- or moderate-risk areas where flood insurance is optional but recommended.

When risk designations change, flood insurance rates will change as well. However, property owners may be able to take advantage of certain cost saving options available through the National Flood Insurance Program (NFIP).

Owners of properties that move from a high-risk zone to a low- or moderate-risk zone may be eligible for reduced insurance rates by converting to a Preferred Risk Policy (PRP). A PRP covers both a structure and its contents, and offers substantial savings. A PRP can be obtained for as little as $112 a year.

There are also ways for owners of some structures moving into high-risk zones to save. Existing policyholders may be able to use the rate charged for the lower-risk zone through a process known as grandfathering.

GRANDFATHERING OFFERS SAVINGS

The NFIP's grandfathering provision offers savings for structures that were built before a flood map was issued for the community, or that were built in compliance with the flood map in effect at the time of construction. The simplest way to grandfather is to purchase a flood insurance policy before the new map takes effect and maintain coverage without a lapse.

If a structure was built in compliance with the requirements in place at the time of construction, the zone and Base Flood Elevation (BFE)* that was in effect can be used for rating purposes, if either is affected due to a map change. Sometimes using the new zone can provide a better rate than using the older one, so property owner should always ask their agent to look at both options.

LEVEES AND FLOOD INSURANCE

FEMA urges *all* people living behind levees to purchase and maintain flood insurance coverage, whether it is required or not. The fact is, levees can and do decay over time if not properly maintained. They can also fail, or be overtopped by flood events larger than those which they were built to protect against.

FEMA and the Army Corps of Engineers are working to identify risks associated with the nation's levees. If a levee is found to be deficient or unsafe, structures located behind it will be mapped into high-risk areas and flood insurance will be required for most mortgage holders. Property owners can contact their insurance agents for more information.

*BFE is the level flood waters have a 1% chance of reaching any given year

HOW GRANDFATHERING WORKS

If a policy is obtained before a new map becomes effective, policyholders can retain the rate associated with the previous map's flood zone and BFE, as long as continuous coverage has been maintained. For structures built after a FIRM was issued, insurance costs will be based on the zone designation and BFE for the map in effect at the time the structure was built (unless the new map offers a lower rate). However, policyholders must submit supporting documentation to their insurer that shows the structure was built to conform to standards on the earlier map. Continuous coverage is not required in this case. If a structure was built before the community's first FIRM was issued and the policy was not purchased prior to the effective date of a new map, policyholders can still save, but policy costs will be defined by pre-FIRM rates associated with their zone designation on the new map.

MORE INFORMATION IS AVAILABLE

Property owners should be fully aware of their flood risk and the current status of flood maps in their community. They can contact their local floodplain management officials to learn the status of local flood maps, or can obtain a copy of the current map at www.msc.fema.gov. Home and business owners who do not have flood insurance should contact their insurance agent to find out more about obtaining flood insurance or visit the FloodSmart web site www.FloodSmart.gov.

The chart below provides details on specific map situations, and how the grandfathering rule can apply.

IF THE NEW MAP SHOWS YOUR STRUCTURE IN…	…THESE FLOOD INSURANCE REQUIREMENTS APPLY…	…AND THESE COST SAVING OPTIONS ARE AVAILABLE.
Zones A, AE, A1-30, AH, AO, V, VE, V1-30 These zones designate high-risk zones known as Special Flood Hazard Areas (SFHAs).	Flood insurance is mandatory for structures with mortgages from a federally regulated lender, and is strongly recommended for all structures.	If the effective map shows the structure as outside the SFHA, it may be eligible to be grandfathered in at the current zone's rate.**
Zones B,C, X, shaded X These zones designate a low- to moderate-risk area.	Flood insurance is not required, but is recommended.	If the current map shows the structure in a SFHA, low-cost Preferred Risk Policies (PRP) may be available when the new map becomes effective. Standard insurance rates here are also lower than in SFHAs.
Zone AR An area where a levee or similar structure is determined to no longer provide sufficient flood protection, but is in the process of being restored.	Flood insurance is mandatory for structures with mortgages from a federally regulated lender, and is strongly recommended for all structures.	The levee is being restored to provide sufficient flood protection, and a rate similar to an X-zone rate may be available. If the current map shows the structure as outside the SFHA, it may be eligible to be grandfathered in at the current zone's rate.**
Zone A99 An area where a Federal flood protective structure is under construction to provide the necessary flood protection standard.	Flood insurance is mandatory for structures with mortgages from a federally regulated lender, and is strongly recommended for all structures.	The levee is being restored to provide sufficient flood protection, and a rate similar to an X-zone rate is available. If the current map shows the structure as outside the SFHA, it may be eligible to be grandfathered in at the current zone's rate.**

** The structure may be eligible for a PRP policy; however, it must be converted to a standard X zone-rated policy when the PRP renews for the first time after the new map takes effect